

# **THE OFFICE OF REGULATORY STAFF**

## **DIRECT TESTIMONY AND EXHIBIT**

**OF**

**DAWN M. HIPPI**

**OCTOBER 26, 2012**



**DOCKET NO. 2012-218-E**

**Application of South Carolina Electric & Gas  
Company for Increases and Adjustments in  
Electric Rate Schedules and Tariffs and Request  
for Mid-Period Reduction in Base Rates for Fuel**

**DIRECT TESTIMONY OF DAWN M. HIPPI**

**FOR**

**THE OFFICE OF REGULATORY STAFF**

**DOCKET NO. 2012-218-E**

**IN RE: APPLICATION OF SOUTH CAROLINA ELECTRIC & GAS COMPANY  
FOR INCREASES AND ADJUSTMENTS IN ELECTRIC RATE  
SCHEDULES AND TARIFFS AND REQUEST FOR MID-PERIOD  
REDUCTION IN BASE RATES FOR FUEL**

**Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND  
OCCUPATION.**

**A.** My name is Dawn Hipp. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina 29201. I am employed by the State of South Carolina as a Director for the Office of Regulatory Staff ("ORS").

**Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND  
EXPERIENCE.**

**A.** I am a 1992 graduate of Minnesota State University - Moorhead where I earned a B.A. in Political Science. I have over eight years of experience in hazardous waste regulation. From 1996 to 1999, I worked for Laidlaw Environment Services as an accounts receivable supervisor and then as a facility accounting supervisor for Laidlaw's Government Services Division. From 1999-2003, I worked for Safety-Kleen Corporation and Clean Harbors Environmental Services, Inc. as an operations manager in the Government Services Division. In this role, I managed the financial, operations and all regulatory aspects of field

1 offices nationwide serving Department of Defense hazardous waste removal  
2 contracts.

3 In September 2004, I joined ORS as the Program Specialist for the Water  
4 and Wastewater Department. In November 2007, I became the Director of the  
5 Telecommunications, Transportation, Water and Wastewater Department. I  
6 currently supervise the ORS activities to monitor utility compliance with the  
7 Public Service Commission of South Carolina ("Commission" or "PSC") rules  
8 and regulations. In addition, I am responsible for the records of customer  
9 complaints and inquiries received, recorded and investigated by ORS during the  
10 regular course of business.

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
12 **PROCEEDING?**

13 **A.** The sole purpose of my testimony is to provide the number and nature of  
14 customer complaints and inquiries filed with the ORS related to the pilot electric  
15 Weather Normalization Adjustment ("eWNA") adopted by the Commission in  
16 Docket No. 2009-489-E.

17 **Q. HOW MANY CONSUMER COMPLAINTS AND INQUIRIES HAS ORS**  
18 **RECEIVED RELATED TO THE ELECTRIC WEATHER**  
19 **NORMALIZATION ADJUSTMENT?**

20 **A.** As of the date of this testimony, ORS has received 110 customer  
21 complaints and inquiries related to eWNA.

22 **Q. WHAT IS THE NATURE OF THE CONSUMER COMPLAINTS AND**  
23 **INQUIRIES?**

1    **A.**           ORS has received complaints and inquiries from consumers confused  
2           about eWNA and how it is calculated. Several consumers have stated they would  
3           like to opt out of the eWNA program. Exhibit DMH-1 is a sampling of some of  
4           the consumer complaints and inquiries related to eWNA contained in the ORS  
5           Consumer Tracking System (“CTS”). The CTS business records indicate the  
6           specific consumer complaint and inquiry and the ORS response.

7    **Q.    IS THERE ANY ADDITIONAL INFORMATION WHICH YOU WOULD**  
8           **LIKE TO PROVIDE TO THE COMMISSION REGARDING THE**  
9           **ELECTRIC    WEATHER    NORMALIZATION    ADJUSTMENT**  
10          **PROGRAM?**

11   **A.**           No. The ORS Electric Department witnesses can provide additional  
12          information to the Commission regarding the details of the Company’s eWNA  
13          program.

14   **Q.    DOES THIS CONCLUDE YOUR TESTIMONY?**

15   **A.**           Yes, it does.

## Issue/Findings

\_\_\_\_\_ Case \_\_\_\_\_

Year	Nbr	Industry	Date Recv	Date Closed	How Recv	Call Type	Note
2012	2130	Electric	10/8/2012		Internet	Complaint	No

  

Pfx	Contact's First Name	Contact's Last Name	MI Recv By	Asgn To
█	█	█	E WCC	WCC

## Consumer Issue

Issue: My issue is regarding the WNA program that was implemented without my consent. I don't like it or feel I need it. I have been a home owner for 15 yrs and know how to run a household budget, including how to take steps to conserve my own energy consumption. I know that if I use it, I pay for it, so I don't understand the need for SCANA or SCE&G to come to my rescue, when I didn't ask for it. I realize that if it's hot outside, my AC will run more.....if it's cold outside, my gas furnace will run more. That is my right, and my prerogative. I pay my bill when it comes in.

There was already a plan in place for customers who wanted a balanced bill, called EPP (Easy Payment Plan) that afforded customers the option to pay a consistent rate throughout the year. Why was that not a sufficient resource for customers who needed it? Now we have a plan, forced on the consumer, that makes them pay higher bills when they use less. This simply doesn't make sense. I know that other bills may be lower, because of the WNA deduction, but again, I can budget on my own and do not need SCE&G to do it for me.

Where is the customers right and voice in this scenario? Where is the option to decide for myself whether or not I want to participate in this program? This seems to have been implemented because of one cold season in 30 years which is overkill. Anyone who has lived in the low country of South Carolina for more than a year knows that the average summer is ""HOT"" and the average winter is ""MILD"". Reason would suggest that the average person can figure out how to run their own household budget for themselves to account for seasonal changes.

It would seem if SCE&G want to help customers with their bills, they should try lowering the utility rates instead of raising them. Rates seem to change about every 6 months. This would truly be ""helping"" customers, not trying to ""manage"" their bills for them.

Sincerely & Respectfully.

Results Sought: I want the option to ""OPT OUT"" of the WNA program. When the weather is mild and my AC or Furnace doesn't run as much, I don't want my bills to be inflated to make up for when it was taken out at some other time. Let me pay my bill and manage my own financial affairs.

**Issue/Findings**

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**Case**

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Year	Nbr	Industry	Date Recv	Date Closed	How Recv	Call Type	Note
2012	309	Electric	2/10/2012	2/13/2012	telephone call	Complaint	No

Pfx	Contact's First Name	Contact's Last Name	MI Recv By	Asgn To
			bwk	bwk

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**Consumer Issue**

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Issue is EWNA. States she can not afford the spike in electric bill in a time when bills should be lower based on mid outside temperatures. Say that she is having to keep home colder this winter than she did last year as it is costing far more to heat home less. Says she does not like the fact that weather is controlling the rate and while she may be able to understand that weather affects usage. She can not undersatand being charged more for less usage that weather is allowing.

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**Investigative Findings**

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Discussed EWNA. Informed her of the idea behind the EWNA program. Consumer does not agree with weather determining the rates and that consumers cannot account for what the rate will be and adjust usage to offset rate as rate is not known until bill is received. Discussed her view of program and that she does not like EWNA. State that while she may be ahead of company by 33.25 she still feels that they will end up getting the better of her through the use of the EWNA.

**Issue/Findings**

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Year	Nbr	Industry	Date Recv	Date Closed	How Recv	Call Type	Note
2012	71	Electric	1/11/2012	1/30/2012	WATS	Complaint	No

Pfx	Contact's First Name	Contact's Last Name	MI Recv By	Asgn To
Mr			SR	SR

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**Consumer Issue**

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First of all, I appreciate the time you spent listening to me on my issue with my electric bill on the phone. I was upset because we had changed all our light bulbs to CFL's to save electricity and also turned down the thermostat to 65 degrees which was 3 degrees less than last year. I signed up for the SCE&G home audit and have been trying to reduce consumption and my bill which they have been promoting. Just two months ago I contacted them about changing my electric hot water heaters to a tankless system with their price tag of \$3600 of which I am glad I didn't pursue. This last month we cut our consumption by 617 Kwh from last year. We used 1700 approximate Kwh compared to right at 2400 last year. The weather also cooperated with warmer than normal temperatures which I thought would result in a lower bill. There was a short week of cold weather in which our family suffered with a little colder than normal inside temperatures to try and save money. When I received the bill in the mail my bill actually was \$233 this year versus \$230 last year. I was so upset and called to find out what had happened with my bill. Upon calling SCE&G and speaking with a supervisor named Thelma she stated that the regulatory agency had approved for a plan which basically worked like budget billing to all customers. I explained I can't believe this when you are promoting saving electricity and because my house is less than 5 years old and I have sacrificed my family to suffer only to find my bill increased. What incentives does this plan do for people to spend money to save electricity? I did not sign up for the plan nor do I want this plan. I can't believe that we have no rights. It is bad enough that we don't have a choice in our provider. This plan only benefits the electric company to ensure a steady stream of income. I feel this is criminal. They keep promoting saving electricity so they can save adding more infrastructure to their expenses to be able to keep up with electric consumption. I would appreciate any help you could provide in this matter.

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**Investigative Findings**

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Sent to company to get a copy of the customer's history on eWNA. From January 2011 through January 2012, customer has a credit balance from eWNA of \$142.57.

Customer was still not happy with program but appreciated the information.

**Issue/Findings****Case**

Year	Nbr	Industry	Date Recv	Date Closed	How Recv	Call Type	Note
2010	2445	Electric	9/1/2010	9/1/2010	telephone call	Complaint	No

Pfx	Contact's First Name	Contact's Last Name	MI Recv By	Asgn To
Mr			SR	SR

**Consumer Issue**

Consumer was upset about eWNA. He is angry that he did not have an option whether or not to participate in the program. He believes that the company is going to be getting the better end of the deal and does not think that the program will balance out.

He also indicated that the CSR did not give him any further information beyond the flier that was sent to him. He requested that someone from the company contact him for a more detailed explanation.

**Investigative Findings**

Advised consumer that the eWNA is a pilot program. Advised that his comments would be in our records. Also advised that I would have someone from the company contact him.

Joseph Lynch contacted consumer.



## Issue/Findings

\_\_\_\_\_ **Case** \_\_\_\_\_

Year	Nbr	Industry	Date Recv	Date Closed	How Recv	Call Type	Note
2012	545	Electric	3/12/2012	3/14/2012	Internet	Inquiry	No

  

Pfx	Contact's First Name	Contact's Last Name	MI Recv By	Asgn To
█	█	█	SR	bwk

\_\_\_\_\_ **Consumer Issue** \_\_\_\_\_

Issue: For Feb 2011, I was billed for 1642 kWh at a cost of \$173.18 (does NOT include Basic Charges or Subdivision lighting) For Feb 2012, I was billed for 1166 kWh @ a cost of \$180.10. I paid \$6.92 more for less usage (467 kWh less - this is approx 30% LESS usage. I spoke to William at SCE and G and April Sharpe at the Regulatory Commission. Both told me it was due to the WNA. I understand the need for rate increases in order to cover expenses, but the WNA plan is a terrible plan and does not appear to regulate anything. It appears that the power company can increase rates at any time by simply increasing the WNA.

Results Sought: Eliminate WNA. Set the rates and adhere to them.

\_\_\_\_\_ **Investigative Findings** \_\_\_\_\_

From: Kirby, Brad  
Sent: Wednesday, March 14, 2012 11:31 AM

Subject: SCE&G complaint regarding rates and E-WNA

Dear █,

This e-mail is in response to your complaint filed with the Office of Regulatory Staff ("ORS") via the online complaint form. Your complaint was in reference to SCE&G's rates and the Electric Weather Normalization Adjustment ("E-WNA"). Currently your account is on SCE&G's rate 8. Since January 1, 2011 to current rate 8 consumers have experienced a rate increase of 4.57% collectively. Attached is a copy of your bill dated March 12, 2012 and a copy of the Public Service Commission ("PSC") approved rate schedule for SCE&G's rate 8. Please note that E-WNA is a PSC approved pilot program and is a separate component to the rates. The ORS reviewed your bill dated March 12, 2012 and found that the bill has been calculated properly.

## Issue/Findings

\_\_\_\_\_ Case \_\_\_\_\_

Year	Nbr	Industry	Date Recv	Date Closed	How Recv	Call Type	Note
2012	79	Electric	1/12/2012	1/17/2012	email	Complaint	No

Pfx	Contact's First Name	Contact's Last Name	MI Recv By	Asgn To
Mr	_____	_____	WCC	WCC

\_\_\_\_\_ Consumer Issue \_\_\_\_\_

(forwarded to ORS from PSC)\*

From: \_\_\_\_\_  
Sent: Wednesday, January 11, 2012 12:13 PM  
To: Nelson, Carolyn  
Cc: \_\_\_\_\_  
Subject: SCEG WNA Program

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\_\_\_\_\_  
\_\_\_\_\_

Subject: Rising Electricity Cost

I received my latest monthly electric bill a few days ago. To say I was shocked would be an understatement. I used 28% less electricity this December than I did last December . My bill was actually higher this year! We had a 28% increase in one year. How can this be?

I called and learned that in addition to planned annual increases, a formula is now in place called WNA. This Weather Normalization Algorithm allows the company to add an additional rate increase to make up for electricity NOT used in mild weather! We can no longer look forward to mild weather as a means to save on our energy bill . It has been taken out of our hands. It was explained by a representative as a means to smooth out their revenue stream. This formula is supposed to give the consumer a break when the weather is really cold. I learned that there is no part of the formula that guarantees that the debits and credits even out over time. A long term mild weather trend would result in perhaps years of over charges

When I look at the way my bill is rising every year , I see no way that this is sustainable. I think the public needs to have control of their bill back in their hands. We try to do everything we can to save electricity and this is what we get in return. It is very discouraging.

\_\_\_\_\_

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Wage and salary earners cannot adjust THEIR pay rates to fit the increases that keep coming. Lets keep it simple. Capitalism should be a system that charges for energy actually used. This WNA thing sounds like socialism.

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**Investigative Findings**

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I have reviewed customer billing history provided to me by SCE&G... the reason customer bill is higher this year than last, though he used less KWH is two-fold -- there has been a total of 4.79% in rate increase since same period last year, according to info given to me by Electric Dept/Cartin, but more importantly the big factor is the E-WNA..

E-WNA Data for :

Service Through

January 5, 2012 Debit amount of \$40.19  
December 5, 2011 Debit amount of \$ 8.25  
November 3, 2011 Debit amount of \$ .28  
October 6, 2011 Credit amount of \$ 4.73  
September 7, 2011 Credit amount of \$19.44  
August 5, 2011 Credit amount of \$33.53  
July 6, 2011 Credit amount of \$32.99  
June 7, 2011 Credit amount of \$18.48  
May 5, 2011 Debit amount of \$ 1.14  
April 5, 2011 Debit amount of \$ 7.55  
March 8, 2011 Debit amount of \$14.49  
February 4, 2011 Credit amount of \$33.33  
January 5, 2011 Credit amount of \$48.7

the net amount of the 13 months to [REDACTED] bills is a credit of \$119.37....if you only review the last 12 months of usage and exclude the January 5, 2011 amount, the total net of EWNA is a credit of \$70.60...

explained the E-WNA program to the customer -- he understood, but he still does not agree with it\*

i also explained his debits/credits for the last 13 months

explained that this is still a pilot program and will be reviewed in the future\*

i gave customer my direct line in case in may want to call me in the future...

though customer is in disagreement with E-WNA, he was very much appreciative of my call\*

I also let customer know of his rights to file at the PSC

## Issue/Findings

Case \_\_\_\_\_

Year	Nbr	Industry	Date Recv	Date Closed	How Recv	Call Type	Note
2012	1257	Electric	6/27/2012	6/28/2012	email	Complaint	No

Pfx	Contact's First Name	Contact's Last Name	MI Recv By	Asgn To
			WCC	WCC

## Consumer Issue \_\_\_\_\_

Sent: Monday, June 25, 2012 9:47 PM  
To: Contact  
Subject: PSC Website Comments:

To whom it may concern,

I just received my power bill and after talking to my local SCG&E rep I want to contact your office to share my issues with what is apparently called a "Weather Normalization Adjustment". I understand the concept of the adjustment. In theory you keep costs from skyrocketing on hot or cold months. In reality what you do is open a door for people to get penalized. I do not understand why you would open such a possibility to exist.

Two major points.

1. If I use a lot of power on a colder than average month I get hit big as happened with my July bill which I just received. If you use little power on a hotter than average month you are penalized by not getting the same advantage of the lower rates. You are in effect promoting high energy use in the months in which it is most critical to conserve energy.
2. When it is 105 degrees out 80 degree's feels like its winter (a little exaggeration but you get my point). When it is 85 degree's out 80 degree's doesn't feel that cool so you have to turn your ac down lower. What I am trying to say is that someone with good control over their AC usage is able to continue to save money even in hot months by properly adjusting the ac unit. Your establishment of the Weather Normalization Adjustment takes this capability away from us.

What do I have to do to get this Weather Normalization Adjustment removed from my power bill? What power utility records are available for me to use to back up my case? (e.g Charleston Power Usage, Total Consumer Costs, SCG&E Profit Margins month by month over a period of time etc.). Is there any other movement to get this removed? I appreciate any information you can provide. Thank you.

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## Issue/Findings

\_\_\_\_\_ Case \_\_\_\_\_

Year	Nbr	Industry	Date Recv	Date Closed	How Recv	Call Type	Note
2012	2127	Electric	10/8/2012	10/8/2012	telephone call	Inquiry	No

Pfx	Contact's First Name	Contact's Last Name	MI Recv By	Asgn To
			SR	bwk

\_\_\_\_\_ Consumer Issue \_\_\_\_\_

Questions regarding notice of hearing for Docket# 2012-218-E

Wants to know if she would be able to discuss the WNA billing system at rate hearing. She says that she does not like the fact that rate is constantly adjusting. States that WNA should not be allowed as it alters company revenue based on weather and not what company is producing and consumer are using. States she does not want company's earning potential and financial stability to be based on weather. State that WNA does not encourage good business practices by the company nor does it encourage consumers to be conservative. Consumer wants rates to be set as they were in the past, and WNA done away with.

\_\_\_\_\_ Investigative Findings \_\_\_\_\_

Provided information regarding notice / hearing. Told her the public hearings is the time that she may provide his thoughts on rates and WNA to PSC.  
Informed how to file letter of protest regarding proposed rate hearing and WNA.